

**A Huasin Food Industries Sdn Bhd v Munchy Food Industries
 Sdn Bhd**

**B COURT OF APPEAL (PUTRAJAYA) — CIVIL APPEAL
 NO W-02(IPCV)(W)-269-02 OF 2018
 HAMID SULTAN, ABDUL KARIM AND HANIPAH
 FARIKULLAH JJCA
 13 MAY 2019**

**C *Trade Marks — Infringement of — Registered trademark and passing off*
 — Application to rectify register — Defendant responded to plaintiff's suit for
D *trademark infringement and passing off by seeking declaration that plaintiff's mark*
E *be expunged from register of trademarks for being registered wrongly or without*
sufficient reason — Whether on totality of evidence both disputing marks should be
allowed to co-exist after variations were made as both parties were genuine traders
and not tortfeasors per se — Whether Trade Marks Act 1976 ('the TMA') allowed
for orders to be made to vary marks to avoid confusion and allow them to co-exist
and generate healthy competition for the benefit of the public — Whether the TMA
was not meant to give any form of monopoly to traders at expense of the public**

F The appellant and the respondent were in the business of making and selling,
G inter alia, cream sandwich biscuits. The respondent, which had been in the
H market longer, used the mark 'LEXUS' for its product while the appellant used
the mark 'LEX'. On the premise that the appellant's mark was confusingly
and/or deceptively similar to its mark, the respondent sued the appellant for
infringement of its mark and for committing the tort of passing off and sought
various reliefs against the appellant. The appellant counterclaimed for
declarations that it had not infringed the LEXUS mark or passed off its goods
and that the respondent's mark had no sufficient reason to be registered, or had
been wrongly registered, on the Register of Trade Marks and should be
expunged pursuant to s 45 of the Trade Marks Act 1976 ('the TMA'). The High
Court allowed the respondent's claim and dismissed the counterclaim. At the
hearing of the instant appeal against the decision, the appellant abandoned its
appeal against the dismissal of its counterclaim and said it had no objection if
the court allowed both parties' marks to co-exist. With regard to the allowing of
the respondent's claim, the appellant submitted that the trial judge had applied
the wrong tests to conclude that it had infringed the respondent's mark.

I **Held, allowing the appeal in part and setting aside the High Court's allowing**
of the respondent's claim:

- (1) The High Court had failed to consider whether on the totality of the evidence, it should have allowed the marks in dispute to co-exist and

dismissed both the claim and the counterclaim. In the instant case, 'co-existence' was an option with suitable variation being made to the marks under the TMA (see paras 3 & 14).

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- (2) It was well established from the facts of the case that both parties were genuine traders and not tortfeasors per se. Trade Mark law was not meant to give any form of monopoly to traders at the expense of the public. The TMA itself enabled genuine traders, who claimed that probable confusion might arise, to seek suitable orders from the registrar of trade marks to vary the mark itself. The TMA was framed in such a way that the court could consider whether the parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public as opposed to indulging in minute technical arguments and relying on cases from jurisdictions where 'co-existence' might not be part of the law there. Decisions of courts developed from early times without taking into consideration our statutory framework would not stand as good precedents (see paras 13(a) & 13(b)).

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- (3) Section 45 of the TMA did not per se recognise substantive rights of the parties. It was discretionary in nature and the court was required to take a holistic approach, taking into consideration other provisions of the Act. Very importantly, if the plaintiff was seeking a declaratory relief, the court should be slow to grant equitable relief if the plaintiff had not shown to the court that other provisions of the Act had been exhausted. Courts which attempted to conclude that trade mark rights were substantive in nature only were promoting litigation at the expense of the public. The TMA was not framed in such a way for the courts to establish a 'monopoly' regime (see para 14).

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[Bahasa Malaysia summary]

Perayu dan responden berada dalam perniagaan membuat dan menjual, antara lain, biskut sandwich krim. Responden, yang telah berada di pasaran lebih lama, menggunakan tanda 'LEXUS' untuk produknya manakala perayu menggunakan tanda 'LEX'. Dengan premis bahawa tanda perayu adalah mengelirukan dan/atau menipu serupa dengan tanda tersebut, responden menyaman perayu untuk pelanggaran tandanya dan untuk melakukan tort kelirupaan dan memohon pelbagai relif terhadap perayu. Perayu menuntut balas untuk pengisytiharan bahawa ia tidak melanggar tanda LEXUS atau mengelirupakan barangnya dan bahawa tanda responden tidak mempunyai alasan yang mencukupi untuk didaftarkan, atau telah didaftarkan dengan salah, pada Daftar Cap Dagangan dan harus dihapuskan menurut s 45 Akta Cap Dagangan 1976 ('Akta'). Mahkamah Tinggi membenarkan tuntutan responden dan menolak tuntutan balas. Pada pendengaran rayuan ini terhadap keputusan tersebut, perayu meninggalkan rayuannya terhadap penolakan tuntutan balasnya dan mengatakan tiada bantahan jika mahkamah

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- A membenarkan tanda kedua-dua pihak itu wujud bersama. Berkenaan dengan membenarkan tuntutan responden, perayu mengemukakan bahawa hakim perbicaraan telah menggunakan ujian yang salah untuk menyimpulkan bahawa ia telah melanggar tanda responden.
- B **Diputuskan**, sebulat suara membenarkan sebahagian rayuan dan mengetepikan Mahkamah Tinggi yang membenarkan tuntutan responden:
- C (1) Mahkamah Tinggi telah gagal untuk mempertimbangkan sama ada secara keseluruhan keterangan, ia sepatutnya membenarkan tanda-tanda dalam pertikaian untuk wujud bersama dan menolak tuntutan dan tuntutan balas tersebut. Dalam kes ini, 'kewujudan bersama' adalah satu pilihan dengan variasi yang sesuai dibuat pada tanda di bawah Akta (lihat perenggan 3 & 14).
- D (2) Ia terbukti daripada fakta kes bahawa kedua-dua pihak adalah peniaga tulen dan bukan pelaku tort. Undang-undang Cap Dagangan tidak dimaksudkan untuk memberikan monopoli kepada pedagang yang memudaratkan orang ramai. Akta itu sendiri membolehkan pedagang tulen, yang mendakwa kekeliruan yang mungkin timbul, untuk
- E memohon perintah yang sesuai daripada pendaftar cap dagangan untuk mengubah tanda itu sendiri. Akta telah dirangka sedemikian rupa sehingga mahkamah boleh mempertimbangkan sama ada pihak-pihak sepatutnya memohon perintah untuk kewujudan bersama tanda untuk mengelakkan kekeliruan dan menjana persaingan yang sihat untuk
- F faedah orang ramai berbanding melibatkan hujahan teknikal minit dan bergantung kepada kes-kes daripada bidang kuasa di mana 'kewujudan bersama' mungkin bukan sebahagian daripada undang-undang di sana. Keputusan mahkamah yang dibangunkan dari dahulu tanpa mengambil kira rangka kerja undang-undang tidak akan menjadi pendahuluan
- G kehakiman yang baik (lihat perenggan 13(a) & 13(b)).
- H (3) Seksyen 45 Akta tidak mengiktiraf hak substantif pihak-pihak. Ia bersifat budi bicara dan mahkamah dikehendaki mengambil pendekatan holistik, dengan mengambil kira peruntukan lain Akta. Yang penting, jika plaintif memohon relif pengisytiharan, mahkamah sepatutnya perlahan untuk memberikan relif yang saksama jika plaintif tidak menunjukkan kepada mahkamah bahawa peruntukan lain Akta telah digunakan. Mahkamah yang cuba menyimpulkan bahawa hak-hak tanda dagangan adalah bersifat substantif hanya mempromosikan litigasi
- I yang memudaratkan orang ramai. Akta tidak dirangka sedemikian rupa untuk mahkamah untuk menubuhkan rejim 'monopoli' (lihat perenggan 14).]

Notes

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For cases on registered trade mark and passing off, see 12(2) *Mallal's Digest* (5th Ed, 2017 Reissue) paras 2810–2833.

Cases referred to

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Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co Sa and another appeal [2016] 5 MLJ 768; [2016] 9 CLJ 310, CA (refd)

Faiz Rice Sdn Bhd & Anor v Syarikat Faiza Sdn Bhd & Anor (W-02(IPCV)(W)-1276–07 of 2017, unreported), CA (refd)

Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors [2010] 1 MLJ 242, HC (refd)

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Legislation referred to

Trade Marks Act 1976 ss 38(1), 45

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Kuek Pei Yee (Melissa Long and Gooi Yang Shuh with him) (Skrine) for the appellant.

Indran Shanmuganathan (Sim Sook Eng and Elisia Engku Kangon with him) (Shearn Delamore & Co) for the respondent.

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Hamid Sultan JCA (delivering judgment of the court):

[1] The appellant/defendant appeals against the decision of the learned High Court judge in respect of 'trademark' claim where the court had allowed the respondent/plaintiff's claim and dismissed the appellant/defendant's counterclaim.

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[2] The court has summarised the issues as follows:

- (1) whether a party sued for infringement of a registered trademark under s 38(1)(a) of the Trade Marks Act 1976 ('the TMA'), is 'aggrieved' by the registered trademark under s 45(1)(a) of the TMA and is therefore entitled to apply to court to remove the registered trademark from the Register of Trade Marks (Register);
- (2) whether the prohibition of a likelihood of deception or confusion (likelihood of deception/confusion) in the first limb of s 14(1)(a) TMA applies to the first bona fide user of a mark on goods or services (Goods/Services) in the course of trade (first user);
- (3) whether the defendant company (defendant) can apply to court under the first limb of s 14(1)(a) TMA read with s 37(b) TMA to expunge the plaintiff company's (plaintiff) 'LEXUS' registered trademark No 98013537 (plaintiff's LEXUS mark) for goods in Class 30 (biscuits), from the Register on the ground of a likelihood of deception/confusion between plaintiff's LEXUS mark and Toyota Motor Corporation's (Toyota) LEXUS trademark (Toyota's LEXUS mark) used on Toyota's

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- A** LEXUS cars. It is to be noted that Toyota is not a party in this case and Toyota's LEXUS mark is not used for biscuits;
- B** (4) can the defendant expunge plaintiff's LEXUS mark from the register pursuant to s 37(c) TMA on the ground that the plaintiff's LEXUS Mark is not distinctive of plaintiff's cream sandwich biscuits (plaintiff's biscuits)? In this regard, whether the use of a 'house brand' or 'house mark' together with a sub-brand on the same goods/services has any effect on the distinctiveness of the house brand and sub-brand for the goods/services;
- C** (5) whether defendant's use of a composite 'Lex' mark (Lex mark) on cream sandwich biscuits manufactured and sold by the defendant (defendant's biscuits), has infringed plaintiff's LEXUS mark under s 38(1)(a) TMA. If defendant's use of Lex mark constitutes an infringement of plaintiff's LEXUS mark, whether the defendant can rely on the following defences:
- D** (a) the defendant has used its own registered trademarks together with Lex mark in respect of defendant's biscuits; and
- (b) the defendant has only used a 'common feature' in the biscuits industry regarding rectangular packets of defendant's biscuits;
- E** (6) whether the defendant has passed off defendant's biscuits as plaintiff's biscuits; and
- (7) in cases regarding trademarks and tort of passing off:
- F** (a) can the court apply the 'imperfect recollection' test in view of the majority of the Court of Appeal's decision in *Hiu Kuan Hoe v Societe Des Produits Nestle SA* [2013] 2 CLJ 644? In this regard, should the court compare consumer goods (which are sold off the shelf) side by side?; and
- (b) how should the court view results of an internet search of a trademark (including a search based on 'Wikipedia')?
- G** [3] What the court has failed to consider is whether on the totality of evidence, it should allow the marks in dispute to co-exist and dismiss the plaintiff's claim as well as the counterclaim. In addition, the issues such as deception, confusion, imperfect or recollection, etc must be dealt with the evidence of literacy level of the consumers purchasing the product. Bare reliance of case laws is merely a rhetoric when the literacy level of consumer is not taken into account. In *Keep Good Feel Corp Sdn Bhd (previously known as Fasa Bebas Sdn Bhd) & Anor v Pharma World (M) Sdn Bhd & Ors* [2010] 1 MLJ 242, the court, inter alia, on the facts held:
- I** (2) The increased literacy level of the Chinese community in Malaysia at the age group of purchasing gynecological products such as those offered by the plaintiffs and defendants, was sufficient for them to identify and distinguish the plaintiffs' and defendants' product. As such there was no basis for the plaintiffs' complaint of passing off or cause of action for malicious falsehood and slander of goods or

infringement of trademark by relying on old common law cases on passing off to initiate proceedings.

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BRIEF FACTS AND GROUNDS

[4] The brief facts and grounds of the case placed in a rudimentary manner before us is repeated to save court's time and it reads as follows:

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1. The plaintiff/respondent/P1 is the manufacturer and seller of Munchy's LEXUS biscuit and *LEXUS* mark has been registered on 23.1.1998. The defendant/appellant/D1 is the manufacturer and seller of LEX biscuit and *LEX* mark had been applied by D1 to be registered on 25.9.2015. P1 opposed the registration of D1's mark.

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2. P1 claimed that: D1 had infringed P1's mark and committed the tort of passing off. Toyota LEXUS mark was registered for goods/services other than biscuits and only used for LEXUS luxury cars. D1's biscuit is RM1 cheaper than P1's biscuit.

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3. P1 prayed for: injunction against D1 from infringing P1's mark and passing-off. Order for full discovery of documents. Order for delivery up or destruction of D1's goods bearing the offending mark and enquiry of damages, costs and other suitable relief.

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4. D1 stated that: the public would be deceived/confused between P1's mark and Toyota LEXUS mark. P1's mark is not distinctive of P1's biscuit. D1's mark is introduced to the public as SAMUDRA LEX or SAMUDRA biscuits. SAMUDRA mark has been registered by D1. D1 admitted that D1's biscuit is 55 cents cheaper. No complaint by the public regarding D1's biscuit. D1's biscuit has banana logo and are not confusingly similar to P1's mark.

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5. D1 counterclaimed for: declaration that LEX mark had not infringed P1's mark. Declaration that D1's goods are not a product of passing-off. Declaration that P1's mark had no sufficient reason to be registered or had wrongly been registered. P1's mark to be expunged. Costs and other suitable relief.

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6. The High Court: P1's claim is allowed and D1's counterclaim is dismissed with costs of RM104,535.88.

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Grounds of Decision of High Court (YA WONG KIAN KHEONG)

Whether D1's counterclaim should be allowed.

1. If D1 is successful in proving the counterclaim, P1's claim will fall. D1 is aggrieved by P1's mark and D1's right is adversely affected by P1's mark. P1 is the first user of P1's LEXUS mark. D1 cannot rely on Wikipedia on Toyota LEXUS mark as it is not constituted as evidence of Toyota's 'use' of LEXUS mark. Nothing in the Wikipedia stated that Toyota LEXUS mark has ever been used for biscuits in Malaysia. The likelihood of deception/confusion does not apply to 1st user. D1 cannot apply to expunge P1's mark as P1 is the first user of LEXUS mark. D1 failed

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A to discharge the burden to prove a likelihood of deception/confusion between P1's mark and Toyota LEXUS mark. D1 also failed to discharge the burden to prove that P1's mark is not distinctive of P1's biscuits.

Whether P1's claim should be allowed.

B 1. For consumer goods be purchased off the shelf, an application of the imperfect recollection test means that the court should not embark on a side-by-side comparison between P1's mark and D1's mark. It is a question of first impression in deciding a likelihood of confusion/deception. A visual comparison between P1's mark and D1's mark shows a striking similarity. Both marks share the first three letters LEX and a reasonable consumer of cream sandwich biscuits is likely to be deceived/confused that D1's mark is an abbreviation of P1's mark. The small price difference between both biscuits contributes to the likelihood of confusion/deception. P1 had proven a likelihood of damage to P1's goodwill caused by D1's misrepresentation. P1 had proven its claim.

D [5] Before us, the learned counsel for the appellant had informed us that they are not pursuing their appeal in respect of the dismissal of the counterclaim and they will be happy that both of their marks complained off can co-exist.

E [6] The High Court had held that: (i) the defendant's trademark infringes the plaintiff's trademark; (ii) the defendant's Lex products passes off on the plaintiff's Lexus products. The plaintiff's prayer in the statement of claim reads as follows:

F WHEREFORE the Plaintiff claims against the Defendant:

- (1) An Injunction to restrain the Defendant either by itself, its directors, officers, servants or agents or any of them howsoever from doing the following acts:
- (a) infringing the Plaintiffs registered Trade Mark No 98013537 by manufacturing, packing, labelling, exporting, supplying, distributing, offering for sale and/or selling amongst others biscuits, including but not limited to cream sandwich bearing the Offending LEX trademark and/or any other trademark which is identical to or confusingly and/or deceptively similar to the said trademark under registration number 98013537;
- (b) Passing-off or attempting to pass-off or causing, enabling or assisting others to pass-off the Defendant's said goods being among others biscuits, including but not limited to cream sandwich, not being the goods of the Plaintiffs as and for the goods of the Plaintiff or being associated and connected therewith by the use in the course of trade the Offending LEX trademark and/or Offending Get-Up as represented in Schedule B annexed hereto and/or any other trademark or get-up which is deceptively and/or confusingly similar to the Plaintiffs trademark under registration number 98013537 and/or Get-Up as represented in Schedule A whether by acts of

- manufacturing, packing, labelling, exporting, supplying, distributing, offering for sale, selling or otherwise; **A**
- (c) Assisting, aiding or abetting any other party or parties in doing any of the acts referred to in paragraphs 1(a) and (b) above.
- (2) An Order for full discovery of all relevant documents particularly invoices, contracts, customer records, sales records, delivery orders, customers declaration forms and shipping documents and other documents relating to the Defendant's manufacturing, packing, labelling, exporting, distributing, supplying, offering for sales or selling or other dealings by way of trade, goods bearing the Offending LEX trademark and/or Offending Get-Up as represented in Schedule B. **B**
- (3) An Order for delivery up or destruction upon oath of all the Defendant's said goods bearing the Offending LEX trademark and/or Offending Get-Up as represented in Schedule B and/or any other trademark or get-up which is confusingly and deceptively similar to the Plaintiffs trademark under registration number 98013537 and/or Get-Up as represented in Schedule A, whether in boxes, packages, cartons or otherwise in the possession, power, custody or control of the Defendant, its directors, officers, servants or agents, the sales, offer for sale or other commercial dealings by way of trade of which would constitute infringement of the said trademark registered under No. 98013537 and/or passing-off of the Defendant's goods as and for the goods of the Plaintiff or which would be in breach of the injunction granted herein. **C**
- (4) An enquiry as to damages against the Defendant or at the Plaintiffs option an account of profits and payment to the Plaintiff by the Defendant of all sums found due upon taking such enquiry into account. **D**
- (5) Costs. **E**
- (6) Such other relief that this Honourable Court deems just and fit. **F**
- G**
- [7] The defendant's prayer for the counterclaim reads as follows:
1. Satu Deklarasi bahawa Defendan, Cap Dagang 'LEX' Defendan dan barangan Defendan seperti yang ditunjukkan dalam Jadual (B) Pernyataan Tuntutan bertarikh 21/3/16 tidak melanggar Cap Dagang No 98013537. **H**
2. Satu Deklarasi bahawa Defendan tidak melakukan apa-apa pengelirupaan terhadap Plaintiff dan barangan Defendan seperti yang ditunjukkan dalam Jadual (B) Pernyataan Tuntutan bertarikh 21/3/16 bukanlah suatu pengelirupaan. **I**
3. Satu Deklarasi bahawa Defendan tidak melakukan apa-apa pelanggaran Cap Dagang dibawah Akta Cap Dagangan 1976 dan tidak melakukan apa-apa pengelirupaan seperti yang dituntut dan dinyatakan dalam Pernyataan Tuntutan bertarikh 21/3/16.

- A** 4. Satu Deklarasi bahawa Cap Dagang No 98013537 adalah suatu catatan yang dibuat dalam Daftar Cap Dagangan tanpa sebab yang cukup dan/atau berada dengan salah dalam Daftar Cap Dagangan.
5. Satu Perintah bahawa catatan Cap Dagang No 98013537 dibatalkan, dihapuskan dan dikeluarkan dari Daftar Cap Dagangan.
- B** 6. Satu Perintah bahawa Pendaftar Cap Dagangan Malaysia hendaklah selepas penyampaian sesalinan Perintah ini padanya, menurut Peraturan 75 Peraturan-peraturan Cap Dagangan 1997, membatalkan Daftar Cap Dagangan dengan membatalkan, menghapuskan dan mengeluarkan catatan pendaftaran Cap Dagang No 98013537 dari Daftar itu dan menyebabkan fakta ini diterbitkan dalam Jurnal Rasmi atau diwartakan dalam Warta Kerajaan.
- C** 7. Plaintif hendaklah membayar setiap dan semua kos termasuk kos sampingan yang berkaitan dengan tindakan ini kepada Defendan atas dasar indemniti penuh dalam apa jua keadaan.
- D** 8. Lain-lain relief yang Mahkamah Mulia ini anggap sesuai dan berpatutan.

E [8] The main complaint of the appellant is that the learned judge had applied a wrong test to assess a likelihood to deceive or cause confusion by narrowly applying a single ‘essential feature’ comparison. The learned counsel asserts the correct test as per case laws is a consideration of a holistic approach related to: (i) consider the marks as a whole; and (ii) consider all relevant circumstances of trade.

F [9] Learned counsel in reliance of s 38(1) of the Trade Marks Act 1976 (‘the TM’), says the plaintiff must establish, inter alia, that the defendant’s trademark is so near resembling the plaintiff’s registered trademark as to be likely to deceive or confuse the public and asserts that the plaintiff had failed to prove as per the statutory formula. Section 38(1) of the TM reads as follows:

G Section 38 Infringement of a trade mark

H (1) A registered trade mark is infringed by a person who, not being the registered proprietor of the trade mark or registered user of the trade mark using by way of permitted use, uses a mark which is identical with it or so nearly resembling it as is likely to deceive or cause confusion in the course of trade in relation to goods or services in respect of which the trade mark is registered in such a manner as to render the use of the mark likely to be taken either —

- I** (a) as being use as a trade mark;
- (b) in a case in which the use is use upon the goods or in physical relation thereto or in an advertising circular, or other advertisement, issued to the public, as importing a reference to a person having the right either as registered proprietor or as registered user to use the trade mark or to goods with which the person is connected in the course of trade; or

- (c) in a case in which the use is use at or near the place where the services are available or performed or in an advertising circular or other advertisement issued to the public, as importing a reference to a person having a right either as registered proprietor or as registered user to use the trade mark or to services with the provision of which the person is connected in the course of trade.

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[10] The appellant's complain is set out in the memorandum of appeal as follows:

On Trade Mark Infringement

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(1) The learned judicial commissioner erred in fact and/or in law in finding the appellant/defendant's use of its non-identical trademark ('the defendant's trademark') infringing of the plaintiff's trademark given the whole of the circumstances;

(2) the learned judicial commissioner erred in fact and/or in law in finding the use of the defendant's trademark so near resembling the plaintiff's trademark to be likely to deceive or cause confusion to the public;

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(3) the learned judicial commissioner erred in fact and/or in law by failing to apply or in misapplying the correct test to assess a likelihood to deceive or to cause confusion, in that His Lordship:

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(a) misconstrued the 'objective' test of likelihood to deceive or to cause confusion as impervious to or independent of factual evidence;

(b) failed to compare the marks as the whole;

(c) failed to consider the whole and relevant circumstances of use of both the defendant's trademark and the plaintiff's trademark;

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(d) failed to consider the relevant trade, and usage of trademarks generally in the said trade, including those of relevant third parties;

(e) wrongly applied an 'essential feature' test;

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(f) wrongly considered and/or misapplied the test of imperfect recollection, and consequently gave undue consideration to, among others, a sole purported similarity between the defendant's trademark and plaintiff's trademark; and

(g) further or in the alternative, misapplied the test of imperfect recollection by failing to consider that material, prominent, essential and striking differences between the defendant's trademark and the plaintiff's trademark would stand out in the imperfect recollection of a consumer.

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(4) despite admitting that his lordship was not a relevant consumer of the related goods, the learned judicial commissioner then erred in fact and/or in law by failing to consider or give sufficient consideration to the evidence of the use of the trademarks in the relevant circumstances and trade, that would have placed His Lordship in the objective position of determining likelihood of deception and confusion to the relevant consumer or relevant members of the public;

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- A** (5) further or in the alternative, the learned judicial commissioner erred in fact and/or in law by failing to give any or sufficient consideration of material facts and evidence and failing to perceive that:
- B** (a) there was a total lack of evidence of deception or confusion among consumers or other members of the public;
- C** (b) relevant use in the trade, including of relevant third party trademarks, diminish any similarities between use the defendant's trademark and the plaintiff's trademark;
- D** (c) there is no evidence suggesting the relevant goods are traded by aural description, and consequently the purported aural similarities — which are in any event denied — are not relevant or less relevant to the whole of the circumstances;
- E** (d) the prevalence of a number of material, prominent, essential and striking differences between the defendant's trademark and the plaintiff's trademark;
- F** (e) the prevalence of striking differences rather than similarities are more likely to stand out among consumers of fast-moving consumer goods at the lower end of the market who do not microscopically examine packaging and brand representation, rather than the reverse;
- G** (f) the purported similarity in the defendant's trademark, ie 'LEX', cannot be regarded in isolation of the whole of the mark and circumstances of use; and
- H** (g) the purported similarity of the defendant's trademark, ie 'LEX', cannot be compared to the plaintiff's trademark 'LEXUS' in isolation of the whole of the defendant's trademark, which comprises more than the word 'LEX'.
- (6) the learned judicial commissioner erred in fact and/or in law in finding that the defendant's witnesses were not credible and that the plaintiff's witnesses were credible when no evidence was put to the defendant's witnesses to contradict or challenge their evidence.
- On Passing-Off*
- I** (7) the learned judicial commissioner erred in fact and/or in law in finding the use of the defendant's trademark and related packaging bearing the defendant's trade mark passing-off of the plaintiff's trademark and the related packaging bearing the plaintiff's trademark in the whole of the circumstances.
- Further or in the alternative, the learned judicial commissioner erred in fact and/or in law by failing to give any or sufficient consideration of material facts and evidence, including in failing to perceive that:
- J** (a) the use of cream sandwich biscuit devices and rectangular packaging are not distinctive of the Plaintiff but are common in the trade and industry generally, and consequently the Plaintiff does not own proprietary goodwill in said get-up;

(b) the plaintiff's trade mark and the defendant's trademark are always associated, identified and used in conjunction with respective house brands, 'Munchy's' and 'Samudra', which would lead members of the public to readily and easily identify and distinguish the source of origin of the parties' respective goods;

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(c) apart from features which are common to the trade, there is a prevalence of material, prominent, essential and striking differences between the defendant's trademark and packaging, and the plaintiff's trademark and packaging.

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(8) in failing to properly assess a likelihood of deception or confusion in respect of trademark infringement, the learned judicial commissioner consequently erred in fact and/or in law by concluding there was misrepresentation for the purposes of passing-off;

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On Expungement of the Plaintiff's Trade Mark from the Register of Trade Marks

(9) the learned judicial commissioner erred in fact and/or in law by failing to compare the whole of the defendant's packaging bearing the defendant's trademark to the whole of the plaintiff's packaging bearing the plaintiff's trademark, and their relevant circumstances of use, and consequently was wrong to find misrepresentation for the purposes of passing-off.

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(10) the learned judicial commissioner erred in fact and/or in law in failing to find that the plaintiff's trademark is a mark which ought to be expunged from the register of trademarks when the plaintiff's trademark is an entry wrongfully entered and wrongfully remaining on the register of trademarks.

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[11] The executive summary of the appellant sets out the facts and issues as well as the marks in digital and photographic form for easy appreciation. To save courts time, we reproduce the executive summary of the appellant which reads as follows:

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A — BACKGROUND SUMMARY

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1. This is an Executive Summary of the Appellant (or 'Defendant')'s submissions in its appeal against the Judgment of the High Court dated 24.01.2018. This appeal concerns the Judge's decision to:

1.1. allow the Respondent ('Plaintiff')'s claim that the Defendant's Trade Mark infringes the Plaintiff's Trade Mark; and

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1.2. allow the Plaintiff's claim that the Defendant's Lex Products passes off on the Plaintiff's LEXUS Products.

B — WRONG TEST TO ASSESS A LIKELIHOOD TO DECEIVE OR TO CAUSE CONFUSION

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2. Under s 38(1) of the Trade Marks Act 1976, the Plaintiff must establish inter alia that the Defendant's Trade Mark is so near resembling the Plaintiff's registered Trade Mark as to be likely to deceive or confuse the public.

- A 2.1. However, the Judge applied a wrong test to assess a likelihood to deceive or cause confusion, by narrowly applying a single 'essential feature' comparison.
- B 2.2. The correct test, well-established in case law, is a holistic approach which must (i) consider the marks as a whole; and (ii) consider all relevant circumstances of trade.
- C 2.3. This renders the Judge's conclusion of likelihood of deception or confusion flawed. It is wrongly based on a narrow, isolated view of the letters 'L-E-X' in the Defendant's Trade Mark being similar to the Plaintiff's Trade Mark 'LEXUS', without considering the marks and circumstances as a whole. The Defendant's Mark does not solely comprise these letters.

Plaintiff's Trade Mark	Defendant's Trade Mark
	

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- C — NO LIKELIHOOD OF DECEPTION OR CONFUSION BASED ON FACTS AND EVIDENCE
- F 3. It was additionally wrong to hold that an 'objective' approach means the Court should not consider factual or consumer evidence. With this, the Judge failed to consider evidence of trade and use, and materially failed to appreciate the lack of relevant evidence showing circumstances of confusion and deception being likely.
- G 4. The Court must weigh the facts and evidence before it (or the lack of relevant facts and evidence) to place itself in an objective position. This is all the more important as the Judge observed that His Lordship is not a consumer of the relevant goods.
- H 5. A proper application of the tests and consideration of materials adduced must conclude no likelihood of deception or confusion in the Defendant's Trade Mark inter alia because:
- I 5.1. Both marks as a whole, plainly have significant visual, aural and conceptual dissimilarities, such that the overall impression are profoundly different. There are an overwhelming number of distinguishing features, beyond the one sole similarity identified by the Judge. Observing the marks in use reinforces this:

Plaintiff's Trade Mark (and in use)	Defendant's Trade Mark (as in use)
	

5.2. The Judge failed to consider the circumstances in which the parties' goods are marketed.

- (i) The relevant goods are purchased off shelves in stores — not by oral description. Striking visual differences between the marks outweigh any similarities.
- (ii) The Plaintiffs Trade Mark contains elements which are common with other marks in the same market, which would lead consumers to pay attention to the distinguishing features between the marks.

D — DEMEANOUR FINDING ON 'LACK OF CREDIBILITY' STRETCHED, PERVERSE AND UNNECESSARY

6. The Judge erred also in approach and conclusion that (i) the Defendant's witnesses were not credible — when no evidence was put to them to contradict their evidence. The law is clear: minor discrepancies and contradictions do not affect overall credibility.

7. Additionally, such findings totally conflate with findings of the Plaintiff's witnesses being credible — despite cautioning the Plaintiff's witnesses during trial, and the Plaintiff's witnesses recorded evasiveness on similar issues. ³ These findings against the Defendant were stretched, perverse and unnecessary.

E — FAILURE TO ASSESS GET-UP AS A WHOLE AND ALL THE CIRCUMSTANCES OF TRADE

8. In allowing the Plaintiff's claim for the tort of passing-off: the Judge also failed to apply the correct test to assess 'misrepresentation', similarly contingent on a likelihood of deception and confusion.

8.1. With passing-off — which seeks to prevent traders from passing-off of the goods of another trader — the Court must compare the relevant marks and get-up (ie packaging) as a whole and must also regard to all circumstances of trade. This, the Judge failed to do.

9. Among others, His Lordship failed to consider:

- 9.1. Parties' marks in use have materially distinguishing features;
- 9.2. Purported essential features in the Plaintiff's LEXUS Packaging (i.e. cream

A sandwich biscuit device and rectangular packaging) are common elements in the biscuit trade.



the scope of registration of the Respondent's said Trade Mark in the course of trade which is so nearly resembling the Respondent's registered trademark as is likely to deceive or cause confusion. This is turn established the Respondent's case for trade mark infringement under the Trade Marks Act 1976.

- iii. There has been extensive and consistent use of the Respondent's said Trade Mark and said Get-Up by the Respondent. In fact by virtue of the consistent use of the Respondent's said Trade Mark and Get-Up, the said Trade Mark and Get-Up have become instant source identifiers of the Respondent's cream sandwich products and are distinctive of the Respondent. The extensive usage of the Respondent's said Trade Mark and said Get-Up has resulted in goodwill and reputation to its business, which is a property right protected under the law of passing-off.
- iv. The Appellant commenced use of the Offending Trade Mark and Offending Get-Up around late 2015. This use was well after the Respondent's use of the said Trade Mark and Get-Up. The use by the Appellant of the Offending Trade Mark and Offending Get-Up has resulted in confusion and deception or at the very minimum a possibility of association resulting in damage to the goodwill and reputation of the Respondent.
- v. Vis a vis the Appellant's counterclaim for cancellation under section 45 of the Act, it is clear on the facts that the substantive grounds have not been made out.

20. By virtue of the above, we humbly pray that this Honourable Court dismiss the appeal of the Appellant with cost.

[13] We have read the appeal records and the able submissions of the parties. After much consideration to the submissions of the plaintiff, we take the view that the appeal should be allowed in favour of the defendant, limited to the plaintiff's claim as the defendant have informed the court that they are not pursuing the counterclaim. Our reasons, inter alia, are as follows:

- (a) it is well established from the facts of the case that both parties are genuine traders and not tortfeasor per se. Trademark law is not meant to give any form of monopoly to traders at the expense of the public. The Trade Marks Act itself provides provision for genuine traders who claim probable confusion may arise to seek suitable orders from the registrar of trademarks to vary the mark itself. This was explained in detail in the case of *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co Sa and another appeal* [2016] 5 MLJ 768; [2016] 9 CLJ 310 and was followed in *Faiz Rice Sdn Bhd & Anor v Syarikat Faiza Sdn Bhd & Anor* (W-02(IPCV)(W)-1276-07 of 2017, unreported), where my learned brother Kamaludin Md Said JCA wrote the judgment endorsing the principles stated in *Al Baik*; and

- A (b) we do not wish to repeat what was said in these cases, save to say that TMA is framed in such a way for the court to consider whether the parties should have sought orders for co-existence of the marks to avoid confusion and generate healthy competition for the benefit of the public as opposed to exercise minute technical arguments and reliance of cases from jurisdiction where 'co-existence' may not be part of the law then.
- B Decisions of courts developed from early times without taking into consideration of our statutory framework will not stand as good precedent at all.

- C [14] In addition, it must be noted that s 45 of the Trade Marks Act 1976 does not per se recognise substantive rights of parties. It is discretionary in nature and the court is required to take a holistic approach, taking into consideration other provisions of the Act. Very importantly, if the plaintiff is seeking a declaratory relief, the court must be slow in granting equitable relief when the plaintiff has not demonstrated to the court that other provisions of the Act have been exhausted. In the instant case, 'co-existence' is an option with suitable variation of the mark under the Act. Courts attempting to conclude 'trademark' rights are substantive in nature only leads to promoting litigation at the expense of the public. The TMA is not framed in such a way for the courts to establish a 'monopoly' regime.
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- F [15] In the instant case, we had given opportunity for the parties to settle the matter and pointed out the 'co-existence' provision. The defendant did not have objection for both parties mark to co-exist. If the proposition been placed before the learned High Court judge, the decision may have been different.

- G [16] In *Al Baik Fast Food Distribution Co SAE v El Baik Food Systems Co Sa and another appeal* [2016] 5 MLJ 768; [2016] 9 CLJ 310, the Court of Appeal observed:

- H [55] In *Auvi Pte Ltd v Seah Siew Tee and another* [1991] 2 SLR(R) 786, a copyright holder of AUVI logo had applied to expunge the respondents AUVI mark which had been registered. Once the applicant became aware of the registration, they promptly applied to expunge the trademark. The respondents counsel submitted that the court was not obliged to expunge the mark and it had the power to make such variation to the registered mark as it deemed fit and urged the court to exercise its discretion and vary the mark to consist simply of the four letter 'AUVI', ie a work mark. On the facts, it was established that the respondents were infringers, ie tortfeasors and not a genuine trader as the credibility of the respondents conduct was seen in the negative. The court refused to entertain a variation request. Chao Hick Tin J (as His Lordship then was) had this to say:
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70. To vary a mark from a device mark to a word mark would involve a change which substantially affects the identity of the mark. The appearance would clearly be different. It would amount to allowing a new mark to be entered on the

register without giving third parties a chance to oppose. I am not prepared to let the respondents have the exclusive right to use the four letters, AUVI, without requiring them to go through the normal process. In any event, in the light of what I have said above, the respondents have not even made out a case for the court to exercise its discretion in their favour.

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[56] In our view, the ‘customer’ or ‘consumer’ approach can be the most decisive factor to decide on issues related to deception or confusion, in considering the provision of s 14 and/or s 19 of the TMA 1976. TMA 1976 in essence, is not an Act intended to give monopoly for a particular trader. Section 14 and/or s 19 is aimed at arresting deception or confusion among the public to the advantage of a tortfeasor (and/or even a genuine trader from overseas) attempting to legitimise his trademark to the disadvantage of another lawful user already in place. As said earlier, our ss 20, 25, 35, 44 and 45 may allow two competing traders to register or sustain its registered trademark with suitable variations to eliminate confusion. It can be safely said that the policy of the Malaysian Trade Marks Act is to accommodate registration albeit where necessary with modification or variation of the competing trademarks strictly within the parameters of the Act. In dealing with s 57 of the Indian Trade Marks Act, which is similar to our s 45, P Narayanan observes:

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The phrase ‘the tribunal may make such order as it may think fit’ in s 57 clearly shows that the exercise of the jurisdiction under the section is discretionary. This jurisdiction arises only after establishing the following facts required under the section:

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- (1) that the applicant is a person aggrieved; and
- (2) that the registered proprietor has contravened or failed to observe a condition entered on the register; or
- (3) that the entry was made without sufficient cause; or
- (4) that the entry wrongly remains on the register; or
- (5) that there is an error or defect in the entry.

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When facts (1) and (2) are established, the tribunal may make such order as it may think fit for cancelling or varying the registration of the trademark. When facts (1) and any of the facts (3), (4) or (5) are established the tribunal may make such order for making, expunging or varying the entry as it may think fit. In either case the tribunal has a discretion to rectify or not to rectify.

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[17] In this appeal, we have taken consideration of the facts and the public advantage and the law in detail. We are convinced that it is a fit and proper case to allow the defendant’s appeal partly and set aside the learned High Court judge’s decision in favour of the plaintiff only with no order as to costs.

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A *Order accordingly.*

Reported by Ashok Kumar

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